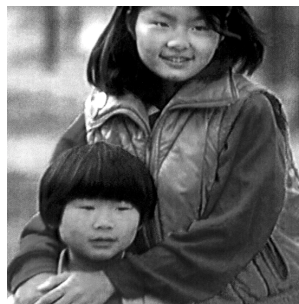




# **STRENGTHENING THE SAFETY NET**

## ***A FINANCIAL ANALYSIS OF NEW HAMPSHIRE'S COMMUNITY HEALTH CENTERS***

### **Manchester Community Health Center**



Office of Planning and Research  
New Hampshire Department of Health and Human Services  
129 Pleasant Street • Concord, New Hampshire 03301  
[www.dhhs.state.nh.us](http://www.dhhs.state.nh.us)



# **Manchester Community Health Center Financial Analysis 1993-1999**

## **Summary**

Financial indicators for Manchester Community Health Center exhibited high variability for the period analyzed. Despite the variability, the Center was one of the top financial performers among the CHCs.<sup>1</sup> For example, the operating margin was consistently above 5%, although in 1997 operations incurred a 13% loss. All liquidity and solvency values varied dramatically over the 7-year period, and the majority of these indicators placed Manchester among the top quartile of financial performance. Sources and uses of cash flows also represent financial health, as Manchester paid off remaining long-term debt primarily from net income (51% of cash sources).

## **Cash Flows**

86.8% of the sources of Manchester's cash were from operations, including net income (51.3%) and depreciation (35.5%). 26.6% of the uses of cash included settling a deferred liability account in 1994. Manchester used 24.6% of its cash to pay off its long-term debt and 15.6% to increase cash reserves.

## **Profitability**

Manchester CHC's operating margins varied between -13% and 16%. However, the two extremes came in 1997 and 1998, so they may be related to a mismatch of revenues to expenses in the two years (see footnote 1 re: the 1998 Medicaid settlement). Gross patient service revenue dropped 2% in 1997 and increased 37% in 1998, while operating expenses increased 13% and dropped 2% in those years. Ignoring the extremes in margins, Manchester's operating margin varied between 2% and 8%. Charity care as a percent of GPSR ranged between 13% and 23%.

## **Liquidity and Solvency**

All liquidity ratios improved dramatically over the period. By 1999, days cash on hand (88.1), days in accounts receivable (53.8), average pay period (21.6), and current ratio (6.71) all were in the top quartile of the CHCs. In 1999, Manchester had enough cash in its reserves to pay off all liabilities four times over and had only \$968 in long-term debt.<sup>2</sup> Cash flow to total debt (1.33) and equity financing ratio (81%) were in the top quartile of the CHCs.

Source: Audited Financial Statements. Prepared by Jennifer Scott, Paul Giaudrone, and Hyun Ryu under the supervision of Nancy Kane, DBA, Harvard School of Public Health.

---

<sup>1</sup> Manchester CHC had an operating margin of 16% in FY 1998 due to a Medicaid settlement and vacancies in the CEO, CFO and Medical Director positions.

<sup>2</sup> The Manchester CHC board elected to designate the Medicaid settlement funds in net assets to establish a capital reserve for facility and capital improvements.